

**GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:3161

ANSWERED ON:06.09.2007

PRIVATE INVESTMENT IN FOOD PROCESSING SECTOR

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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

- (a) whether the Government has conceived any policy to attract private investment in food processing sector;
- (b) if so, the details thereof;
- (c) the response from private sector so far;
- (d) the number of industries coming up and the amount of capital they are bringing in State-wise; and
- (e) the concession being provided by Government to these private players?

Answer

MINISTER OF THE STATE FOR FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a) to (b): A Vision Document 2015 on Food Processing Industries has been finalized by the Ministry of Food Processing Industries (MFPI), which envisages trebling the size of the processed food sector by increasing the level of processing of perishables from 6% to 20%, value addition from 20% to 35% and share in global food trade from 1.5% to 3% by 2015. To realize the vision, an estimated investment of Rs.2.00 lakh crore will be required, out of which ten percent would be from Government and the remaining would come equally from financial institutions and private investors/FDI.

The Cabinet has approved the integrated strategy for promotion of agribusiness-Vision, Strategy and Action Plan for the Food Processing Sector, based on the recommendations made by the Group of Ministers (GOM) for growth of Food Processing Sector.

The thrust areas identified for strategic intervention are establishment of Mega Food Parks in identified clusters with appropriate backward and forward linkages, creation of integrated cold chains/value addition and preservation infrastructure, modernization of abattoirs, upgradation of hygienic and quality street food and food streets, establishment and upgradation of quality control laboratories, restructuring and strengthening of MFPI, rationalizing tax structure, incentivising FDI and private investment in infrastructure, undertaking capacity building of small and unorganized sector, liberalized wine and beer policy, launching a major promotional campaign for the food processing sector and need for larger public investment for creation of critical rural infrastructure in food processing sector. The strategic interventions required for the growth of the food processing sector have been included in the 11th Plan proposals. In all the major interventions, the Public Private Partnership model would be followed as much as possible.

(c) to (e): In the 11th Plan, the Ministry proposes to implement various schemes to attract private sector investment in the food processing sector. A revamped Scheme for Infrastructure Development under which, it will give financial assistance in the form of grant for setting up of Mega Food Parks, cold chain infrastructure, value added centres and packaging centres preferably in the PPP Model. The Mega Food Park Scheme will provide backward and forward linkages as well as reliable and sustainable supply chain. The Cluster based demand driven approach will provide linkages from farm to market with linkages from local to regional level through Primary Processing Centres, Collection Centres, Strategic Distribution Centre-cum-Cold Chain at critical locations – having Controlled Atmosphere storage and distribution centres where large quantities can be stored and supplied to distribution centres for fresh sale and to processing industries for processing. In the 11th Plan, it has also been proposed to continue assistance in the form of grant to private sector/public sector organisations through schemes for setting up of Food Testing Labs, Implementation of Quality Systems such as HACCP, ISO 9000, GHP and GMP Practices, Promotion of Research and Development, Capacity building and Human Resource Development and other promotional activities with higher levels of assistance. In addition, a new scheme for Upgradation of Quality of street foods has also been proposed to be implemented. The emphasis will be on building strong linkages with agriculture and horticulture, enhancing project implementation capabilities, increased involvement of private sector investments and support for creation of rural infrastructure to ensure a steady supply of good quality agri horticulture produce.